

May 26, 1998

MEMORANDUM TO: Distribution

FROM: Michael J. Rubino, Associate Director  
Acquisition Services Branch

SUBJECT: Policy Memorandum No. 98-013 – Revisions to  
Corporate Expenditure Delegations

1. Purpose. The purpose of this Policy Memorandum is to modify the Acquisition Policy Manual (APM) to (1) increase the direct award authority for contracts from \$2,500 to \$5,000 without the requirement for noncompetitive justification, and (2) replace the process currently used for contractor claims resolution under RTC-transitioned contracts with the process used for claims resolution under FDIC contracts as published in the APM, Circular 3700.16.
2. References.
  - APM 1.B.7., *Direct Award Authority*, page 1-8
  - APM 4.D.3.b.(9), *Requirements Package*, page 4-11.
  - APM 4.G.2., *Policy*, page 4-17.
  - APM 5.B.7., *Noncompetitive Awards*, page 5-5.
  - APM 5.D.1.b., *Single Source Under \$2,500*, page 5-9
  - APM 5.D.1.c., *Single Source of \$2,500 or Greater*, page 5-9
  - APM 1.A.1.f., *RTC-Transitioned Contracts*, page 1-3
  - APM 8.C.1., *Scope*, page 8-7
  - Exhibit I, *Expenditure Delegations for Contracts, Leases, Legal Services, and Non-Procurement Related Expenses*
3. Scope. This Policy Memorandum is applicable to all Contracting Officers, Audit Review Specialists and other Acquisition Services Branch personnel.
4. Background. In 1997, FDIC awarded 1,485 contracts in the \$2,500 to \$5,000 range. Processing costs and response time to achieve contract award would be reduced significantly by providing direct award authority for these purchases. The efficiency is gained by eliminating market research to identify sources, soliciting multiple offerors, and evaluating competing proposals. We have determined that the administrative burden associated with the process outweighs the benefits of competition.

A considerable number of contracts were transitioned from RTC to FDIC for administration, which includes resolution of contractor claims. Only a small number

of these remain. FDIC has since that time adopted a formal claims resolution process that is governed by the APM. While both the RTC and FDIC processes provide a fair and administratively sound approach to claims settlement, the RTC process is more labor intensive and time consuming. In addition, in view of the small number of RTC contracts remaining, little claim activity is anticipated in the future, and a Board Resolution was adopted to replace the RTC resolution process with the more efficient FDIC process.

5. APM Change. Therefore, in accordance with the foregoing, the following changes are made to the APM:

- a. The APM is revised by substituting \$5,000 for \$2,500 in the following sections of the APM:

APM 1.B.7., *Direct Award Authority*, page 1-8.

APM 4.D.3.b.(9), *Requirements Package*, page 4-11.

APM 4.G.2., *Policy*, page 4-17.

APM 5.B.7., *Noncompetitive Awards*, page 5-5.

APM 5.D.1.b., *Single Source Under \$2,500*, page 5-9.

APM 5.D.1.c., *Single Source of \$2,500 or Greater*, page 5-9.

- b. APM 1.A.1.f. is deleted in its entirety and restated as follows:

1.A.1.f. ***RTC-Transitioned Contracts.*** The APM does not apply to contracts transitioned from the Resolution Trust Corporation (RTC). These contracts shall be administered in accordance with the RTC Contract Policies and Procedures Manual (CPPM). However, claims and appeals under RTC-transitioned contracts shall be decided pursuant to the process set forth in the APM, Chapter 8.

- c. APM 8.C.1. is deleted in its entirety and restated as follows:

**8.C.1. Scope.** A claim is defined as a written demand or assertion for payment of money, a request for the adjustment or interpretation of contract terms, or for other relief arising under or relating to the contract. Claims may occur with either FDIC or the contractor as claimant. This section sets forth procedures for handling claims for all FDIC contracts covered by this manual, and all RTC- transitioned contracts. There are two types of claims to FDIC:

8.C.1.a. ***Corporate Claims.*** These are claims and disputes filed by a contractor against FDIC's corporate capacity.

8.C.1.b. ***Receivership Claims.*** These are claims and disputes filed by a contract against FDIC's receivership capacity.

d. Exhibit I is amended by incorporating the Resolutions of the Board of Directors creating the changes set forth herein.

6. Effective Date. This Policy Memorandum is effective immediately.

7. Contact. If you have any questions, please contact David K. McDermott at (202) 942-3434.

cc: Jane Sartori  
John Lynn

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